



0000149982

BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP

Chairman

GARY PIERCE

Commissioner

BRENDA BURNS

Commissioner

BOB BURNS

Commissioner

SUSAN BITTER SMITH

Commissioner

Arizona Corporation Commission

DOCKETED

JAN - 7 2014

DOCKETED BY

NR

IN THE MATTER OF THE APPLICATION
OF TUCSON ELECTRIC POWER
COMPANY FOR THE ESTABLISHMENT
OF JUST AND REASONABLE RATES AND
CHARGES DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON
THE FAIR VALUE OF IT OPERATIONS
THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. E-01933A-12-0291

DECISION NO. 74255ORDER

Open Meeting
December 17 and 18, 2013
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Tucson Electric Power Company ("TEP" or "the Company") is engaged in providing electric power within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission.

2. Background. On July 3, 2012, TEP filed an application for a rate increase. On June 27, 2013, Decision 73912 was issued granting a rate increase. Subsequently, on July 2, 2013, TEP filed the following items in compliance with that Decision:

- Schedule of Rates and Charges;
- Rules and Regulations;
- Purchased Power and Fuel Adjustment Clause Plan of Administration;
- Environmental Compliance Adjustor Plan of Administration; and
- Lost Fixed Cost Recovery Mechanism Plan of Administration.

1 3. Notice of Clarification. On July 3, 2013, the Company filed a Notice of
2 Clarification of Tariffs and Alternative Request for Approval ("Notice of Clarification."). A
3 corrected version of the Large General Service Time-of-Use Program ("LGS-85") tariff was
4 attached to the Notice of Clarification and is intended to replace the incorrect version that was
5 attached to Decision No. 73912. The language of the incorrect tariff did not reflect the type of
6 demand billing agreed upon during settlement and, if not corrected, could result in higher demand
7 charges for customers on the LGS-85 tariff.

8 4. The incorrect language would base off-peak billing demand on the greatest of (i)
9 75% of the maximum off-peak period billing demand used for billing purposes during the
10 preceding 11 months, or (ii) a contract demand amount of not less than 200 kW. The corrected
11 language bases off-peak demand billing on the maximum 15-minutes measured demand during the
12 off-peak period of the billing month.

13 5. The Notice of Clarification stated, in addition, that two frozen lifeline tariffs (R 06-
14 201AF and R 06-201BF) had been inadvertently excluded from Decision No. 73912.

15 6. Corrections. A corrected version of the LGS-85 tariff was attached to the Notice of
16 Clarification. The R 06-201AF and R 06-201BF frozen lifeline tariffs were included with the
17 Company's compliance filing, docketed on July 2, 2013.

18 7. Request for Approval. In its application, TEP states that it feels no further action is
19 necessary. Should the Commission feel that separate action is required, TEP requests approval of
20 the changes in accordance with Section 15.2 of the Settlement Agreement. Section 15.2 states as
21 follows:

22 *"The rate design portion of this Agreement shall remain open until*
23 *July 1, 2014, to allow for the possible adjustment of specific tariffs to*
24 *correct for unanticipated customer rate impacts that are determined*
25 *to be inconsistent with the public interest. Any tariff changes will not*
 have the effect, in the aggregate, of reducing TEP's non-fuel revenue
 requirement."

26 8. The Notice of Clarification indicates that the correct LGS-85 tariff is already
27 reflected in the Commission-approved proof of revenue, as are R 06-201AF and R 06-201BF.

28 ...

1 9. Recommendations. Staff believes ratepayers will benefit by clarifying the record
2 and explicitly approving the corrected LGS-85 tariff, and the R 06-201AF and R 06-201BF tariffs,
3 as discussed herein. Accordingly, Staff has recommended that the corrected LGS-85 tariff and the
4 R 06-201AF and R 06-201BF tariffs filed in compliance be approved.

5 CONCLUSIONS OF LAW

6 1. TEP is an Arizona public service corporation within the meaning of Article XV,
7 Section 2, of the Arizona Constitution.

8 2. The Commission has jurisdiction over TEP and over the subject matter of the
9 application.

10 3. The Commission, having reviewed the application and Staff's Memorandum dated
11 November 26, 2013, concludes that it is in the public interest to approve the clarification and
12 corrections discussed herein.

13 ...

14 ...

15 ...

16 ...

17 ...

18 ...

19 ...

20 ...

21 ...

22 ...

23 ...

24 ...

25 ...

26 ...

27 ...

28 ...

ORDER

IT IS THEREFORE ORDERED that the corrected LGS-85 tariff filed on July 3, 2013, in Tucson Electric Company's Notice of Clarification be, and hereby is, approved.

IT IS FURTHER ORDERED that the R 06-201AF and R 06-201BF tariffs filed on July 2, 2013 as part of Tucson Electric Company's compliance filing be, and hereby are, approved.

IT IS FURTHER ORDERED that this Decision shall be effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION
CHAIRMAN
COMMISSIONER
COMMISSIONER
COMMISSIONER
COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 7th day of January, ~~2013~~ 2014



JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:JMK:sms\RRM

1 SERVICE LIST FOR: TUCSON ELECTRIC POWER COMPANY
2 DOCKET NO. E-01933A-12-0291

3 Bradley Carroll
4 Tucson Electric Power Company
5 88 E. Broadway Blvd. MS HQE910
6 P.O. Box 711
7 Tucson, Arizona 85702

8 Michael W. Patten
9 Roshka DeWulf & Patten, PLC
10 One Arizona Center
11 400 East Van Buren Street. Suite 800
12 Phoenix, Arizona 85004

13 Mr. Steven M. Olea
14 Director, Utilities Division
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 Ms. Janice M. Alward
19 Chief Counsel, Legal Division
20 Arizona Corporation Commission
21 1200 West Washington Street
22 Phoenix, Arizona 85007